Collateral facility extended for Savings Bonds

Savings bonds can now be pledged or hypothecated or kept on lien in favour of scheduled banks. Such facility is available only for the loans to be availed of by the holders of the bonds and not in respect of the loans availed of by third parties. The Government of India has now amended the notifications relating to 7% Savings Bonds, 2002, 6.5% Savings Bonds, 2003 (Non-Taxable), and 8% Savings (Taxable) Bonds, 2003 schemes allowing for pledge or hypothecation or lien of these bonds as collateral for obtaining loans from the scheduled banks in accordance with section 28 of the Government Securities Act, 2006 and regulations 21 and 22 of the Government Securities Regulations, 2007.

All other terms and conditions in respect of these Bonds remain unchanged.

G. Raghuraj
Deputy General Manager